

Members

Sen. Lawrence Borst, Chairperson
Sen. Thomas Wyss
Sen. Lindel Hume
Rep. William Crawford
Rep. Lawrence Buell
Sandy Bickel



COMMISSION ON STATE TAX AND FINANCING POLICY

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Authority: IC 2-5-3-2

MEETING MINUTES¹

Meeting Date: September 29, 2003
Meeting Time: 10:00 A.M.
Meeting Place: State House, 200 W. Washington St., 431
Meeting City: Indianapolis, Indiana
Meeting Number: 2

Members Present: Sen. Lawrence Borst, Chairperson; Sen. Thomas Wyss; Sen. Lindel Hume; Rep. Lawrence Buell; Sandy Bickel.

Members Absent: Rep. William Crawford.

I. Call to Order

Senator Lawrence Borst, Chairman, called the second meeting of the Commission on State Tax and Financing Policy ("Commission") to order at 10:05 AM.

The Chairman explained that the purpose of this meeting was to discuss the division of the \$0.65 riverboat admission tax for horse racing ("riverboat subsidy") between Hoosier Park and Indiana Downs. The Chairman also explained that the Indiana Horse Racing Commission (IHRC) had voted just three days earlier (on Friday, September 26, 2003) to divide the annual riverboat subsidy to the two race tracks equally during 2004 and after.

II. Testimony on Horse Racing Issues

The Chairman recognized Senator Robert Jackman to testify with regard to the race track subsidy.

Senator Jackman thanked the Chairman and the Commission for considering the subsidy issue, and explained that the subsidy issue requires regular attention from the General Assembly even in light of the recent action by the IHRC.

¹ Exhibits and other materials referenced in these minutes can be inspected and copied in the Legislative Information Center in Room 230 of the State House in Indianapolis, Indiana. Requests for copies may be mailed to the Legislative Information Center, Legislative Services Agency, 200 West Washington Street, Indianapolis, IN 46204-2789. A fee of \$0.15 per page and mailing costs will be charged for copies. These minutes are also available on the Internet at the General Assembly homepage. The URL address of the General Assembly homepage is <http://www.ai.org/legislative/>. No fee is charged for viewing, downloading, or printing minutes from the Internet.

Senator Jackman testified that the riverboat subsidy has had a positive influence on the horse racing industry in Indiana. He outlined the economic impact resulting from the (approx.) \$28 M investment in horse racing from the riverboat subsidy. Senator Jackman testified that the annual economic impact to Indiana from horse racing totaled about \$479 M in 2001. He indicated that this total was 268% higher than the \$130 M impact from horse racing just two years earlier. Senator Jackman testified that the total impact to Indiana from the horse industry was about \$2,600.0 M in 2001.

Senator Jackman explained that SB 177-03 would have codified the equal division of the riverboat subsidy going to Hoosier Park and Indiana Downs. He indicated that SB 177-03 was introduced because the IHRC twice approved rules to divide the subsidy unequally between the two race tracks. Senator Jackman explained that codifying the equal division of the race track subsidy is necessary to ensure the original legislative intent of the subsidy. He indicated that it is also necessary because the IHRC has changed the distribution rule three times in three years, affecting the ability of the race tracks to plan for future operations.

Senator Jackman distributed a table of financial information relating to Hoosier Park (Attachment A). He also distributed and discussed tables prepared by the Legislative Services Agency reporting the annual distribution of the riverboat subsidy since 1995 and the sources of annual pari-mutuel betting handle since 1994 (Attachment B).

The Chairman recognized Mr. Joe Gorajec, Executive Director, IHRC. Mr. Gorajec indicated he was available to answer any questions relating to the subsidy.

III. Other Testimony

The Chairman asked if any members of the IHRC were present. Mr. Richard Darko, Chairman, IHRC was present. The Chairman recognized Mr. Darko. Mr. Darko explained that the IHRC had voted on Friday, September 26, 2003, to change the rule relating to the division of the riverboat subsidy between the two race tracks. He indicated that the IHRC voted 4 to 1 to divide the subsidy equally during 2004 and after, and that his was the dissenting vote.

The Chairman recognized Senator Greg Server for testimony. Senator Server indicated that he would favor codifying the equal division of the riverboat subsidy going to the two horse race tracks. He also provided testimony relating to the approval of off track betting facilities by the IHRC.

IV. Other Business

The Chairman set the next meeting of the Commission for October 20, 2003, at 10:00 AM.

V. Adjournment

The Chairman adjourned the meeting at 10:20 AM.